



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

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IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

ISSUANCE OF A DIRECT LEASE TO CORPORATE AIR
HONOLULU INTERNATIONAL AIRPORT

OAHU

REQUEST:

Issuance of a direct lease to Corporate Air for the renovation, operation, use and maintenance of an existing hangar and office facility to support its general aviation activities at Honolulu International Airport, Island of Oahu, State of Hawaii.

LEGAL REFERENCE:

Section 261-7 and 171-59, Hawaii Revised Statutes.

APPLICANT / LESSEE:

Corporate Air, a Montana corporation, authorized to do business in the State of Hawaii, whose post office address is 1001 S. 24th Street W, Suite 111, Billings, Montana 59102.

LOCATION AND TAX MAP KEY:

Portion of Honolulu International Airport, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1st Division, 1-1-72: 22

AREA:

Areas are shown and delineated on the attached maps labeled Exhibit B and B-1.

Building:

Space No. 213-100, containing an area of approximately 16,784 square feet, and
Space No. 213-200, containing an area of approximately 2,439 square feet;

Improved, Paved Vehicle Parking Space:

Space No. 009-117A, containing an area of approximately 10,477 square feet; and

Improved Paved, Ramp Space:

Space No. 009-117B, containing an area of approximately 10,350 square feet.

ZONING:

State Land Use District: Urban
City and County of Honolulu: I-2 (Industrial)

LAND TITLE STATUS:

Section 5(b) – lands of the Hawaii Admissions Act: Ceded

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES __ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3201, setting aside a portion of Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport Purposes.

CHARACTER OF USE:

Renovation, operation, use, and maintenance of an existing hangar and office facility to support its general aviation activities at Honolulu International Airport.

TERM OF LEASE:

Ten (10) years.

LEASE COMMENCEMENT DATE:

Upon execution of the lease document

ANNUAL GROUND LEASE RENTAL:

1. Annual Rental for the First Five (5) Years of the Lease Term:

a. Building Rental. For the first five (5) years, beginning upon the commencement date of the Lease term, LESSEE shall pay to STATE an annual building rental in the sum of \$75,354.16, payable in monthly installments of \$6,279.51, based upon a rental rate of \$3.92 per square foot, per annum.

b. Ground Rental. For the first five (5) years, beginning upon the commencement date of the Lease term, LESSEE shall pay to STATE an annual ground rental in the sum of \$43,320.16, payable in monthly installments of \$3,610.01, based upon an improved, paved ground general aviation rate of \$2.08 per square foot, per annum.

2. Annual Rental for the Second Five (5) Years of the Lease Term:

a. Building Rental. For the second five (5) years, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE an annual building rental in the sum of \$86,657.28, based upon the product of 115% and the annual rental for the fifth (5th) year of the Lease term (75,354.16).

b. Ground Rental. For the second five (5) years, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to STATE an annual ground rental in the sum of \$49,818.18, based upon the product of 115% and the annual rental for the fifth (5th) year of the Lease term (\$43,320.16).

PERFORMANCE BOND:

Sum equal to the annual building and land rentals in effect.

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: Corporate Air desires to renovate, operate, use and maintain a hangar and office facility on the proposed premises to supports its general aviation activities.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by Volume 3, Environmental Assessment for the Honolulu International Airport Master Plan Update and Noise Compatibility Program, dated September 1989 and referenced as State Project No. AO1011-03. This Environmental Assessment evaluated the environmental effects of the recommended Airport Development Plan which would accommodate the forecast general and commercial aviation needs of the island of Oahu through the year 2005 and was prepared for the State of Hawaii, Department of Transportation, Airports Division by KFC Airport, Inc.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation proposes to issue a direct Lease to Corporate Air, for the purpose of renovating, operating, using and maintaining a hangar and office facility to support its general aviation activities at Honolulu International Airport. The DOT has determined that the issuance of this direct lease encourages competition within the aeronautical and airport-related industries.

RECOMMENDATION:


That the Board authorize the Department of Transportation to issue a direct lease to Corporate Air subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,



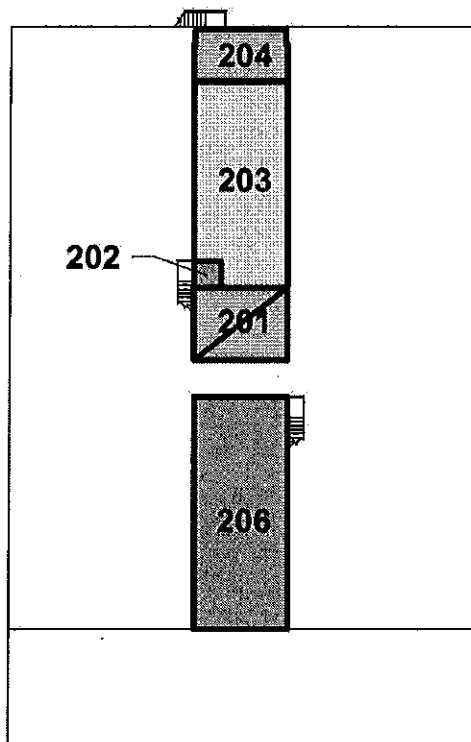
GLENN M. OKIMOTO, Ph.D.
Director of Transportation

APPROVED FOR SUBMITTAL:


WILLIAM J. AILA, JR.
Chairperson and Member



5000:1



BLDG/ROOM		SQ. FT.
213	200	2,439

EXHIBIT: B-1



213201-
213206

PLAT 35

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